

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, September 27, 2006

SCHOOL FACILITY PROGRAM COSTS AVOIDED
PER PUPIL BY USE OF YEAR-ROUND EDUCATION

PURPOSE OF REPORT

To present yearly per pupil costs avoided in construction costs typically found by using year-round school programs and to approve this report for presentation to the Legislature.

DISCUSSION

Education Code Section 42263(d) requires that the State Allocation Board (SAB) report to the Legislature, no later than December 1 on even years, the statewide savings per pupil in school construction costs resulting from the operation of multi-track year-round education (MTYRE) programs. The average savings per pupil is the amount the State would have had to spend to house a pupil per year if that pupil had not been attending a year-round school, which is the funding basis for the MTYRE Operational Grant Program administered by the California Department of Education (CDE).

To provide the yearly cost savings per pupil figure, the Office of Public School Construction (OPSC) utilized an average of all project cost data collected from the School Facility Program during 2004/2005 and 2005/2006 Fiscal Years as provided by law. By factoring in the useful life of a facility and amortizing bond costs over 30 years at an interest rate of 4.6627 percent, the OPSC is reporting the yearly cost savings per pupil, as shown in the table below. This table also includes the amounts reported two years ago for the 2002/03 and 2003/04 Fiscal Years for reference.

USEFUL LIFE OF A FACILITY	2002/03 & 2003/04 FY YEARLY COST SAVINGS PER PUPIL	2004/05 & 2005/06 FY YEARLY COST SAVINGS PER PUPIL
20 Years	\$1,809	\$ 2,212
30 Years	\$1,206	\$1,475
40 Years	\$ 905	\$1,106

STAFF COMMENTS

The methodology used to determine the new cost savings figures is identical to that used in the reports presented to the SAB biennially since 1992. The SAB has historically requested that the cost savings per pupil be presented to the Legislature reflecting the 20-year, 30-year and 40-year useful life of facility savings. The Legislature analyzes the Useful Life figures and makes a determination of how to utilize this information for purposes of appropriating funds for the MTYRE Operational Grant Program, which is administered by the CDE. If a district elects to receive Operational Grants for eligible projects on MTYRE schedules, the district's eligibility in the SFP is reduced in a like amount.

RECOMMENDATION

Direct the OPSC to present this report for the 2004/2005 and 2005/2006 Fiscal Years to the Legislature on the average yearly cost savings using the 20-year (\$2,212/pupil), 30-year (\$1,475/pupil) and 40-year (\$1,106/pupil) useful life figures.

This Item was approved by the State Allocation Board on September 27, 2006.